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**The Work Project, presented as part of the requirements for a Master Degree  
in Management from the NOVA- School of Business and Economics**

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**Coke: building on Happiness to support “Positive Solutions”**

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## **Abstract**

This project is about how significant the positive solutions mean to Coca Cola Co. and emphasizes that if all three factors, GloCal Vision, Positive Psychology and the Stakeholder Theory are taken into consideration simultaneously then tailored positive solutions can be the result. Based on these indicators and compared with Dove's success, we have found that Coke's "Open Happiness" campaign is not qualified as a positive solution for obeying neither positive psychology nor the stakeholder theory. Later, after screening four solutions, one positive solution is kept and admitted to help Coke be more successful.

Key words:

GloCal Vision, positive psychology, stakeholder theory, happiness, kindness

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## 1. Introduction

Founded in 1892 by Asa Candler and headquartered in Atlanta, Georgia USA, Coca Cola has become the largest beverage corporation in the world and expanded its sub-firms and sells products with more than 160 brands over 200 countries globally. The company produces products such as water, juices and juice flavored drinks, teas, coffees, sports drinks and energy drinks. Coca-Cola, Diet Coke, Sprite and Fanta are the four of the world's top five non-alcoholic sparkling beverage brands. Its operations are divided into several geographies which are the North America Group, Latin America Group, Eurasia& Africa Group, Europe Group and Pacific Group. Coca Cola's achievement has gained and achieved a lot of success in the world via different innovative integrated marketing campaigns. Attribute to that, Coke is also one of the most sought-after stocks on the New York Stock Exchange and the most recognized brand in the world with over 90 % brand awareness.<sup>1</sup>

After the campaign "Coke Side of Life", Coca Cola Co. unveiled another uplifting marketing campaign named "Open Happiness", which was designed by the innovative agency, Weiden + Kennedy. This campaign was unveiled at American Idol on January 21<sup>st</sup>, 2009, and then spread world wide, continuing to invite consumers to enjoy and engage positivity and optimism into their lives. In general, the advertising channels include in-store, out-of-store, print, music, digital and social networking. Throughout the world, it iterated the philosophy of optimism, and the theme for the campaign was Happiness. In the past, Coke had been intending to attach the special connotation to the drinks: when every consumer in the world open or enjoy a bottle of iced Coca Cola, gratification of the beverage will trigger positive emotions and happiness will immediately pop into his or her mind, that is the purpose of the Happiness Campaign, Coke has redefined happiness as anything that could bring a smile on people's faces. Also, it does not believe that the corporation could push the

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<sup>1</sup> For more information, please check <http://www.interbrand.com/en/best-global-brands/2012/Coca-Cola>

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world toward positivism overnight. What it can do is add more smiles to the world through the Open Happiness Campaign. <sup>2</sup>

## **2. Theoretical Background**

Social media has flipped the business world up-side-down and raised consumers' expectations. More specifically, the way and the speed corporations do business have been adjusted, and the concern corporations have on their social responsibility has augmented. So a firm is thrown into the dilemma between a more customized strategy or a more production oriented strategy. In addition, whether to participate in more social issues or not and how to build better public relations are highlighted in the company's agenda. This work project proposes the idea that only if Coke takes positive solutions then it can stand out from the industry and gain more success, while positive solutions are produced by taking all three factors, GloCal vision, positive psychology and stakeholder theory, into consideration. <sup>i</sup>

### **2.1. GloCal Vision:**

Back to the days before the social media era, companies normally had acquired more power and implemented all the marketing plans under the guide of product-oriented theory and often applied push strategy in the market. This was especially true for the multinational companies. They planned the marketing strategies in their headquarters at the home company, then, the sub companies in different locales coordinated with the headquarters and implemented them directly. The distinguished demand of the sub markets had always been neglected. However, with the advent of social media, the market has turned to be more diversified and transparent; information has become more easily accessible; consumers managed to procure much more power and have become harder to satisfy, therefore companies have been pressured to burden broad

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<sup>2</sup> <http://www.coca-cola.com/happiness/>

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social responsibilities. In this new age, companies have been confronted with difficult choices: whether to undertake all their business through a global perspective, that is to say, viewing the world as a huge market and yielding the standard product or service; or to divide the world into various different markets or segments to tackle with, that is to say, making use of adjusted strategies and providing adapted products or services.

The standardized method could accommodate to the company's interests due to cost reduction, the international prices reduction, the competitive diminish, the consolidation of market position and the promotion of unique international image. (A. Madar, A.N. Neacsu. 2010. "The Advantages of Global Standarization" *Economic Sciences*, Vol.3. (52)). However, this method totally ignores the needs from the consumers so it cannot benefit the company in the long run. (Yip, George S. 1989. "Global Strategy in a World of Nations." *Sloan Management Review*, 31(1): 29-41) If there were another company which could meet the consumers' special needs emerges, a great number of consumers could be lost. As a consequence, it will lead to suboptimal sales for the company in the host market. (Tallman, S. G. Yip. 2003." Internationalization, Globalization and Capability-Based Strategy." *California Manangement Review* 45(1): pp.116-135) On the other hand, with the gradual improvement in manufacturing technology, and the increased flow of information from consumers, mass customization helps a company to utilize resources more efficiently and increase competitive advantage in niche markets. ( Anderson, David. 2002. *Build-to-Order & Mass Customization; the Ultimate Supply Chain Management and Lean Manufacturing Strategy for Low-Cost On-Demand Production without Forecasts or Inventory* .California: CIM press.). However, due to the high customization-cost, it might not reach a long term benefit. Non-restriction on customization options will lead to wasteful efforts, increased cost due to lower worker output but higher machinery cost. (Gilmore, J.H.and Pine, J.1997. "The Four Faces of Mass Customization". *Harvard Business Review*: pp. 91-101)

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To achieve a prosperous and profitable business, corporations need to look for a combination of both global and local markets to extend the business boundary, cut the cost and satisfy more consumers' needs simultaneously. So GloCal vision (**Lages, Luis**. 2012. The GloCal Wave: Be Local, Be Global, Go Glocal) is the best practice. From Professor Lages, *"GloCal vision is a purpose that makes people/company to push the boundaries. It allows people to satisfy similar needs across different market segments, to look for what is similar across local and international markets, to find a compromise between customization and economies of scale, find conciliation between market- and product orientation"*. (**Lages, Luis**. 2012. The GloCal Wave: Be Local, Be Global, Go Glocal). Different than just building up a unique best-fit marketing plan literally and then facilitating it with adapted strategies at each sub-market, GloCal vision is about both thinking and acting GloCally. According to the mindset framework, GloCal vision should localize in the intersection part with both taking local and global perspectives in mind and in action.<sup>ii</sup>

## 2.2. Positive psychology

Before World War II, psychology could hardly be acknowledged to be a science. Healing mental illness, Helping some people living more fulfilling lives, and identifying, as well as cultivating, talents were the three major missions it undertook. After World War II, people had realized the fact that besides the physical trauma, the psychological post-war trauma might cause a more significant influence on society. So with both the Veterans Administration in 1946 and National Institute of Mental Health in 1947 founded, more people have devoted themselves to this field, and psychology itself has become a victim which can be seen as a subfield of health professions.

In 1998, during Dr. Martin Seligman's inaugural address as association president, he proposed the idea of Positive Psychology at the annual American Psychological Association conference. He declared that psychology had empirically focused too

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much on repairing damage, fixing what's wrong. Dr. Martin Seligman encouraged others to concentrating on human strengths and human happiness. (**Seligman, Martin. Parks, Acacia. and Steen, Tracy.** 2004." A Balanced Psychology and a Full Time". *The Royal Society*: pp.1379-1381). At the conference, preventing the psychological problems, that is to say, building competency but not only correcting weakness was brought up. In fact, psychology is not just about problem- or disease-solving, instead, it also contains the responsibility of strengthening up all the positive emotions like virtue, dignity, love and happiness. *The aim of positive psychology is to catalyze a change in psychology from a preoccupation only with repairing the worst things in life to also building the best qualities in life. The positive subjective experience includes well-beings and satisfaction; flow and joy, sensual pleasure and happiness present; and the construction of cognition about the future-optimism, hope and faith.* (**Snyder C.R., and Lopez Shane J.** 2002. *Hand Book of Positive Psychology*, New York: Oxford University Press)

Although still in inchoation, positive psychology is a robustly effective ingredient in psychotherapy. Positive psychology instills hope and the other optimisms to patients, helping to reinforce their innate buffering strengthen. The data that 85% of his respondents believed in the placebo effect both physically and psychologically proves this with sufficient evidence. (**Kermen, Rachel; Hickner, John; Brody, Howard; Hasham, Irma.** 2010. "Family Physicians Believe the Placebo Effect Is Therapeutic But Often Use Real Drugs as Placebos", *Family Medicine*, Volume 42: 636-642).

Another stance of positive psychology is effective prevention in which one believes that positive human traits can be a set of buffers again psychopathology. (**Hefferon, Kate; Boniwell, Ilona.** 2011. *Positive Psychology, Theory, Research and Applications*. New York: Open University Press) Compared with making efforts to heal a disease, preventing emotional disorders has a further and more important influence. Prevention could save the "patients" from suffering and keep them physically healthier given their mental well-being. Besides, prevention is better than problem-solving by ensuring that people remain strong and more productive and

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explore their human potential.( **Seligman, Martin, Schulman, Peter and DeRubeis ,Robert.** 1999. “The Prevention of Depression and Anxiety”. *Prevention & Treatment*, Volume 2, Article 8.)

When drawing positive psychology or the so called science of happiness into a business environment, a company can achieve an extraordinary work pace and business environment from a happier and more positive mindset. A decade of research indicates that happiness at work will improve revenue, profitability, staff retention, customer loyalty and workplace safety. (**Coplan, Jill.** 2009. “How Positive Psychology Can Your Business”. Bloomberg Businessweek)<sup>3</sup>Nowadays, consumers are more inclined to look for some brands with special value. If penetrating the positive information into a brand and associating consumers with the when they pursuit happiness or when they soak into happiness, the brand will win and keep a strong volume growth.

### **2.3. Stakeholder theory background**

According to R. Edward Freeman, who is called the “father of the stakeholder concept” and is credited with popularizing it, *Stakeholder is any group or individual who can affect or is affected by the achievement of the organization’s objectives*”. (**Freeman, Edward.**2010. *Strategic Management: A Stakeholder Approach*. Chicago: Cambridge University Press)

Shareholders are not the only group that the company needs to be mindful anymore. Back in 1932, GE (General Electric Corporation) had realized the significance of a company’s ethical issue and identified four groups, shareholders, employees, consumers and the general public, which formed the rudiment of stakeholder theory. In the 1960s, SRI (Stanford Research Institute) was the first user of stakeholder. However, it was in the mid 1980’s the stakeholder concept was fully implemented from the company’s perspective and was incorporated along with the firm’s strategy.

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<sup>3</sup> <http://www.businessweek.com/stories/2009-02-12/how-positive-psychology-can-boost-your-business>



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(**Fontaine, Charles; Haarman, Antoine; Schmid, Stefan.** 2006. “*The Stakeholder Theory*”) From then on, the stakeholder theory became popularized. Due to the increased awareness of the importance of stakeholder concepts and literature, companies have burdened more responsibilities: no more maximizing the profit for shareholders only but also building up a good ethical image respect to all the stakeholders. The reputation of one firm has been correlated with the sales volume, market share ( **Shapiro, Carl.** 1982. Consumer Information, Product Quality, and Seller Reputation. *The Bell Journal of Economics*, 13: pp 20-35) and consumer loyalty (**Kumar, Vikas. Batista, Luciano. and Maull, Roger.** 2011. The Impact of Operations Performance on Customer Loyalty. *Service Science* 3(2), pp. 158-171) . With globalization and the development of communication, companies are becoming more sensitive to more transparent environments. The stakeholders’ power is reinforcing and can influence the corporation through different ways. Both ethical moral philosophers and business scholars are concerning the corporate ethical responsibilities and the fact that fulfilling these responsibilities will increase a competitive advantage over companies that do not. (**Kakabadse, Nada; Rozuel, Cécile; Lee-Davies, Linda;** “Corporate social responsibility and stakeholder approach: a conceptual review”, *Int. J. Business Governance and Ethics*, Vol. 1, 277-302)

### 3. Methodology

- GloCal Vision: the balance point of mass-production and mass-customization
- Positive psychology: building up positivism inside consumers
- Stakeholder Theory: besides making shareholder satisfied, shouldering CSR in a more holistic view of the environment.

### 4. Cases

In the case part, Dove’s Real Beauty Campaign<sup>4</sup> and Coke’s open happiness

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<sup>4</sup> Need to mention that the Dove Real Beauty campaign is from a case-study but not from generally acknowledged theory.

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campaign will be presented to test the application of the three theories.

#### 4.1 Testing GloCal Vision

Back in 2003, Dove revealed a survey with 3000 women respondents in 10 countries showing that only 2% of the respondents chose to describe themselves as beautiful.<sup>5</sup>Informed by the research, Dove realized that women have been misled by the female characteristics portrayed in advertising and were shamed by the unattainably perfect images. It is true in each segment. We know that Dove works in all the personal care categories, such as facial cleansers, body lotion, hair care and styling products. Each year huge budgets were set aside to advertise those products and the functional benefits consumers could get from them. Functionalities mean different things in different categories. Also, beauty defines itself in different markets. For example, in western culture, some people believe that tan skin equals health and beautiful so women seek cosmetics to adjust their skin accordingly. However, in Asian countries, women use many ways to protect their skin from being dark. That's why instead of enjoying sun bathing, they always carry umbrellas outdoors to protect themselves against ultraviolet rays. It seems it's never possible to define Dove within all consumers thinking since they want different results. However, this "2% beauty" finding gave Dove a clue to develop a general meaning for the brand, which could extend to each category and represent the brand. So Dove made its GloCal vision: real beauty and decode it with the initiative Real Beauty campaign. To put the vision in the real world, Dove acted to debunk the beauty myth. First, it provoked discussion about beauty in the society through the "Tic-Box" campaign. People were engaged to vote on whether a fat woman on a billboard was "outsized" or "outstanding". Then, in 2005, Dove transformed away from functionality-concern and changed the way society views beauty via using 6 ordinary women instead of perfect supermodels in its advertisements. Finally, Dove posted a controversial video about some 'normal' girls "unhappy life" because of their common face or imperfect body based under societies

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<sup>5</sup> Data quoted from *Dove's Big Ideal- from real curves to growth curves* and from Harvard business school case study 9-508-047, *Dove: Evolution of a Brand*

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perceived beauty standard. As of late, Dove has debunked the beauty myth: with the idea that no one is perfect and the unattainable and the stereotypical supermodel is a myth created by the beauty industry. Recently, a video about how women always underestimate their beauty went viral. Dove's aim was to create the belief that women are more beautiful than they think. This Real Beauty campaign was launched everywhere and resonated greatly in the world. There was no longer a need to advertise for the functional benefits of each product/category. Neither specialized ads were needed for meeting different consumers' needs. Dove's GloCal vision helped the company gain profit and high reputation through thinking outside of the box.

Like the personal care industry, the beverage industry is also a highly competitive market. People are bombarded with various beverage choices in different categories. Within each category, brands distinguish each other through vertical and horizontal ways. Even though Coke is the leader, it still worries about the other brands that are clustered around it. The pressure does not only come from Pepsi-Cola, the biggest competitor for Coca-Cola, but also from local beverage companies who are more in tune to meet the local needs. How to compete in the world market and how to avoid ones consumers from being stolen in the submarket is a big issue Coke considers. To cut cost, economy of scale is the best option. However, launching adapted flavors and advertising to specific markets is the better way to keep the local market share. Such as what Dove did, Coke successfully found its GloCal vision—"happiness" and then started a series of activities under that perspective.

In the beverage industry, some brands took hold of the global vision. For example, 2009 Pierrier, a sparkling water brand, positioned itself globally to be the one that quenches a person's thirst in the hot weather.<sup>6</sup> Some brands made specialized campaigns to introduce a new flavor to a specific market. For example, Sprite "Lemon and Lime Ramadan" during 2010 was tailored to Muslim areas.<sup>7</sup> Coca-Cola

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<sup>6</sup> <http://www.youtube.com/watch?v=gfzq3YNdJMk&list=HL1367266226>

<sup>7</sup> <http://www.youtube.com/watch?v=IIWE4z2S8po>

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and Pepsi-Cola both adopted the GloCal vision. One is positioned to bring happiness to the public and the other is aimed to persuade consumers to enjoy life now. Both of them transmit from physical aspects but think outside of the box to inform consumers the psychological attributes they can offer. Through this way, they can not only obtain brand loyalty but also attract a new category of users, favorable brand switchers and other brand switchers. Like the model. <sup>iii</sup>

## **4.2 Testing Positive Psychology**

Dove exemplified Positive Psychology well via its campaign. As mentioned before, Dove concentrated more about its functional benefits before the Real Beauty campaign and with various categories and different products in different markets, it was difficult to present what Dove could stand for. For consumers, it was a familiar but frumpy brand. It was confronted with de-listing in some key retailers. In truth, the problems could be attributed to a lack of transmitting positive emotions to the public. Change was in urgent need. After obtaining the finding that only 2% of women had confidence to admit their beauty, while 72% felt worse about themselves, Dove realized that women's self-esteem is adversely eroded by the totally unattainable supermodel image.<sup>8</sup> Women in fact need to feel accepted by society instead of feeling inadequate about not reaching an impossible standard. So the Dove Real Beauty campaign designed to change the way society views women and also the way women view themselves. Normally, companies in the beauty care industry will send consumers 2 types of messages. One is like telling consumers that you have the problems so you need our products. The other is like that if you want to be as perfect as a supermodel, you need our product. Both ways focus on the deficiencies and their exact beauty standards set to the public. From Dr. Maxwell Maltz, we know that people can not believe themselves to be beautiful if their self-image was not changed. Just like a child who is not good at math. No matter how hard he works on math, his math grades will not improve if he defines his self-image as one who is never ever

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<sup>8</sup> <http://www.youtube.com/watch?v=Ei6JvK0W60I>

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good at math. ( **Maltz, Maxwell.**1960. *Psycho-Cybernetics*. Prentice Hall Press)

Different than the routines of other beauty companies, Dove developed the positive feeling inside consumers that you are beautiful, if you take great care of yourself. From psychologist, Dr. Maxwell Maltz, a person's self-image partly results from how the others see himself. ( **Maltz, Maxwell.**1960. *Psycho-Cybernetics*. Prentice Hall Press) If the others could keep encouraging him, changing his self-image, these incredible positive changes will happen. For example, the "math-deficient" child will even get straight A's, if his parents and teachers encourage him and emancipate him from a poor self-image. The positive and comfortable feeling Dove gave rise to ferment in consumers' mind, leading to positive effects and preventing the negative effects. For example, the freckle girl will not feel shame about herself; instead, she will feel herself to be special and beautiful with Dove's care.

Nowadays, instead of focusing on the economic indicator of GDP, people intend to define another indicator that could measure the quality of life or social progress in a more holistic and psychological spectrum. So in 1972, Bhutan's fourth Dragon King proposed the term GNH (Gross National Happiness). Living a positive life is the global trend. So from Coca-Cola's 20/20 vision declared in the end of 2009, we know that Coke creates a "Roadmap", and would like to achieve sustainable and quality growth via inspiring moments of optimism and happiness. The Open Happiness Campaign is the first step, positioned to refresh the public with cool drinks and at the same time a positive mindset. However, Coke defines happiness superficially with only putting a smile on consumers faces. According to Walter L. Williams, the happy feeling on a temporary basis is not happiness but joy. (**Williams, Walter.** How to Achieve Happiness and Fulfillment. 2006.) Different from the temporary enjoyment—joy, long-lasting and genuine happiness comes not from outside but from within. People can only achieve long-lasting happiness with fulfillment or enlightenment. Detaching oneself from the negative qualities like greed, anger and ignorance will lead people to a positive thinking and lifestyle. Also, purchasing the good qualities, like learning, creativity and helping the others, will also arouse

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long-lasting happiness.

Besides understanding what happiness really is, Coke needed to know how to keep the 'happiness' longer and associate happiness with their brand. To achieve this goal, positive psychology is needed. Positive psychology is more about helping people moving away from the panic zone to the stretch zone through cultivating people's strengths. The application of positive psychological attributes does just take us from the zero to the positive; they also help us deal with the negative, the anxiety, depression and painful experience and emotion. ( **Ben-Shahar, Tal.** 2007. *Happier: Learn the Secrets to Daily Joy and Lasting Fulfillment*. New York: McGraw-Hill)

#### **4.3 Testing stakeholder theory**

Financially, within the first 2 months of launching the campaign, sales of Dove's featured firming products increased 600% in the US and more than 700% in Europe.<sup>9</sup> From Unilever's 2003 annual report, as the corporation's largest personal care brand, Dove underlying sales grew over 20%. Statistic showed that the global sales exceeded 1 billion dollars in 2004 and a \$3 return for every \$1 spent on advertising. Undoubtedly, the financial success will satisfy the shareholder and its partners. Socially, unlike other companies which are concerned with being environmentally conscious, or morally sound, Dove used the Real Beauty Campaign to repair consumers' self-esteem and inspires all of them to reach their full potential. Dove breaks the misleading beauty myth which imprisoned women and was unhealthy to their self-esteem. Rather than being depressed by not being able to strive to be one of the idealized prototypes of beauty, Dove encouraged people to love and take care of themselves. It is a sign of shouldering corporation social responsibility by engaging consumers.

From stakeholder theory, in knowing whether a campaign has been successful or not, two factors must be considered. The commonly known one is the financial

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<sup>9</sup> <http://bizgovsocii.wordpress.com/2012/02/19/dove-evolution-of-corporate-social-responsibility/>

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performance. From The Coca-Cola Company Reports, guided by the open happiness campaign, Coke had achieved consecutive global volume growth 6%, 5%, 5% and 4 % from 2009 to 2012. From the financial statistics, Open Happiness Campaign created shareholder satisfaction. It is commonly known that Coke has special charitable organizations and has donated funds and help worldwide. However, most of the funds concentrated on infrastructure but no one related this in caring about how to keep people in a positive status. If Coke keeps happiness as its theme, it would be better to sponsor some positive psychological research or create relationships with some institutions which help prevent people from depression. Only if Coke builds up a professional Happiness expert can consumers believe the direction connection between Coke and positive feeling. Undoubtedly, this will address the unsolved market problems and satisfy the needs of a new market space.

Stakeholder theory is more about maintaining corporate reputation among the public and shouldering more corporate social responsibility so that the firm can operate healthily in a long term. To achieve social sustainability, besides large investments in charities and infrastructures, which aims to ameliorate the physical environment and conditions, Coke takes advantage of its open happiness campaign making contributions to the public's emotional health. The happiness campaign, or the messages therein, try to diminish depression caused by the ongoing macroeconomic uncertainty and weak consumerism across the European region.

## **5. Discussion**

After comparing Dove with Coke, we have realized that Real Beauty campaign is a successful positive solution due to the right application of the three factors. However, Coke's Open Happiness campaign is not qualified as a positive solution in terms of missing two factors. From Dove's success, we realized that if one company wants to yield out a positive solution, it should keep the GloCal perspective, apply positive psychology, get shareholders satisfied and shoulder social responsibility. To make the campaign more successful, I have provided four solutions to help Coke's Happiness

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campaign.

### **5.1. Solution 1 associating Coke with healthy lifestyle**

To find solutions to happiness, the first thing we need to do is to analyze what makes people unhappy. The Gallup World Poll, performed in 155 countries, surveyed about a thousand respondents from 2005 to 2009 revealed that China ranked 125<sup>th</sup> with 77 percent of the people living around the poverty level and only 9 percentage considered middle or upper class.<sup>10</sup> Happiness is still the thing that Chinese people want even though they are much better off economically. On the National 12<sup>th</sup> Five Year Plan (2011-2015) for Social and Economic Development, happiness was formulated as an important goal that the Chinese government strives for. Apart from the obstinate issues, like corruption and red tape, Chinese people are now more terrified by the renewed food safety issues. With a spate of food safety scandals, like the poisoned milk powder of San Lu Company, Clenbuterol-contaminated Pork of ShuangHui Group. People do not feel sure whether the food they eat is poisoned or tainted in some way. Over past 20 years, with distribution channels approaching all Chinese provinces and cities, and with commercials broadcasted on CCTV One, China's most influential and authoritative TV channel, ShuangHui Group has been ranked as the most popular brand of processed meat in China. The ShuangHui Group's scandal was like the last straw for their food safety confidence and for the national corporation prestige. So the Chinese consumer decided to go for the imported food market or food made under the international brands. However, as the most valuable brand in the world, Coke faced a huge credibility problem in China in April 2012. In Shanxi Province, one of Coke's bottling plants was closed due to the chlorine contamination. In spite of its apologies, Coke's reaction with an immediate denial and refusal to except the tainted products left the public with a bad impression. One cannot deny that this scandal was one of

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<sup>10</sup> Word Happiness Report

<http://www.earth.columbia.edu/sitefiles/file/Sachs%20Writing/2012/World%20Happiness%20Report.pdf>



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the reasons for the 17% decline of the second quarter in 2012 and only 4% volume growth for the full year ending 9 years' of double digit growth in China.

After this contamination issue, no matter how strongly Coke claimed it to be a low-calorie and high caring product,<sup>iv</sup> Chinese consumers would easily be influenced. To improve the performance of the Happiness campaign in the Chinese market, it's better for Coke to partner with some authoritative organizations, like Scientific Squirrels to recuperate its reputation. Scientific Squirrels is a sophisticated science communication and is well-known for decoding some social issues and contradicting rumors in a scientific way. On Weibo<sup>v</sup>, it has 910,000 fans while Coke has only 100,000 fans. Under partnership with Scientific Squirrels, consumers will keep a higher tendency to believe that Coke really leads a healthier lifestyle as it claims. The guarantee from the authoritative party will regain consumers' confidence in Coke and comfort consumers that when they reach for Coke, the safety issue which bothered them will not need to be ruminated. For Chinese it is a simple happiness that cannot be purchased via money.

However, this idea is only within local perspective. The terrible absence of food safety confidence is not a worldwide issue and there may be no correlation between happiness and food safety in other countries, like America or Germany. Therefore, this specific customized marketing campaign centered on Chinese consumers would considerably augment the cost but be effective only in China.

## **5.2. Solution 2 negation of unhappiness**

People allege that nowadays, we are suffering from a great deal of stress due to work, family and society, Coke could define itself as a wonder 'drug' to relieve people from suffering and bring happiness to them. Undoubtedly, emotional deficit or more specifically, unhappiness is a worldwide issue. During these past several these years,

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Europe has been suffering ongoing uncertain macroeconomic conditions due to the Euro-zone debt crisis.

Campaigns directed to problem-solving or panic-reliving can reach to a sympathetic condition in the world and be adapted to the local markets. Shareholders would be satisfied in light that the campaign would be accepted worldwide and no more extra marketing budgets needed. Consumers would be grateful that the product brings them to a more positive mood. Also, this assistance of removing public psychological negative emotions would be welcomed by governments and other stakeholders. However, this campaign is not going to be a real success according to positive psychologists due to the fact that this kind of “disease model” would not create happiness in consumers, let alone associating the positive feelings with the brand. From positive psychology, disease models only focus on getting rid of weaknesses. In our case, under the model, Coke only presents to release consumers from any bad mood or only claims the negation of unhappiness. Under the disease model, the optimal level is zero, that is to say, just running away from the negative zone. But under the “health model”, the ceiling is not just a tensionless state but the fun and enjoyment state. Furthermore, positive psychology will help us jump from zero into the stretch zone, meaning that it helps us deal with anxiety, painful experiences and emotions. If Coke wants to take advantage of “health model”, not only it could help people to pursue their strength but also teach people how to be confronted with negative feelings.

### **5.3 Solution3 partnering with some quite popular video games**

Video games are quite popular among this current generation, with 68% of gamers being 18 years of age and older. A lot of reports forecast that the global market for video games is expected to climb from \$67 billion in 2012 to 82\$ in 2017<sup>vi</sup>. More and more people will be attracted into the video game fielded either because they can release pressure from work or because gamers can search for satisfaction that they can

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not get from the real world. The data shows that gamers who are playing more video games are spending 50% less time on movies and 47% less time on watching TV<sup>vii</sup>. Following the video game trend, it seems profitable if Coke could partner with some video game industry and take advantage of product placement. For example, in some games, killing the enemy will be award with one bottle of fictitious Coke, and more Coke means more lives or amplified power. Subtly, the gamers will extend the happiness of getting fictitious Coke in the virtual world to the real world so that the sales volume will expect to increase and the Happiness Campaign will make more sense.

However, partnering with video games to promote the Happiness campaign is definitely not a positive solution. Although, it is under a global vision, with the increasing number of gamers in the world, it is against positive psychology. Nor does it blossom with the right social responsibility. Playing video games too often and too long will harm people in more than one way. One such way is that some games are becoming more violent. More and more psychological studies have revealed the clear connection between violent games and the gamers' increasing hostile expectations. (**Kerstetter, Jim.** 2013. A Connection between Video Games and Real-world Violence? CNET Networks.) One study shows that some certain personalities could be influenced by these violent fantasies. The other is that playing online games will make children feel isolated from the real world. (**Smith, Blake.** 2006. How Do Video Games Affect Kids?)

#### **5.4 Solution 4 spreading kindness to make people happy via giving Coke**

Coke could spread happiness with teaching people how to be generous to each other. The campaign could earn a great success if it partnered with the Life Vest Inside, which is a grassroots organization, aiming to encourage the spread of happiness through small acts of kindness. Like the old saying goes, "the rose in her hand, the flavor in mine." The video named "Kindness Boomerang" depicts the ripple-effect

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kindness act.<sup>11</sup> When receiving unexpected kindness from strangers, people would become more aware of the help from the others and take action to offer a helping hand. In conclusion, when the one who initiated kindness receives a nice gesture from others, people feel so touched and happy. If Coke launches the happiness campaign by teaching people to be kind to each other and spreading happiness with generous gestures, this campaign could be a great success. From the three indicators, the reason for success will be illustrated.

First, this campaign agrees with Coke's GloCal vision. We mentioned before that unhappiness is a worldwide issue with various reasons. Now spreading kindness can decode happiness. With modernization and technological development, public indifference to strangers has been a contagious disease worldwide. Concrete apartment buildings impede the neighborhood relationship; internet facilitates connections but diminishes the true human touch.

Spreading kindness and goodwill through giving Coke to people in need, whether to comfort them or cheer them up or relief them from sadness, this campaign is the embodiment of empathy and compassion in our day-to-day life. Different from the open happiness campaign, which only put a simple smile on people's face, this campaign will subconsciously create meaningful and enduring happiness which involves little cognitive awareness-people feel good without even thinking about it.

Clearly, spreading kindness to endure happiness is the embodiment of Coke's corporate responsibility. Globally, Coke has pledged to donate a portion of what it earns to charity programs from the Coca-Cola Foundation, a registered charitable organization in the US. For example, in 2011, 123.5 million dollars was donated, which accounts for 1.2% of its operating income. It also partnered with other charitable organizations or NGO's to fulfill its environmental social responsibilities, like community recycling and water stewardship projects and to promote healthy

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<sup>11</sup> <http://www.youtube.com/watch?v=nwAYpLVyeFU>

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living, like the right eating habit programs. However, in building up a better public relationship and engaging each one into Coke's charitable program, the spreading kindness to get happiness would be the best choice. Without imposing on consumers on how much money it donates every year, the campaign would transform a subconscious idea to the public that Coke produce happiness and shoulders the social responsibility through spreading kindness.

## **6. Conclusion**

From those four solutions mentioned, we have realized that Coke could not propose a long term positive campaign if even one indicator is not considered. The final "Spreading Kindness to Make People Happy" solution will help to improve its financial performance and also, the partnering with the charitable institution-Life Vest Inside, is a symbol that Coke really instills happiness into its company. Unlike the Open Happiness Campaign which believes not to change people to moods of positivism but to put a simple smile on people's faces, Spreading Kindness can offer the public more than temporary joy. Due to the innovative GloCal theme, Coke could keep and even 'bring over' more consumers who are not into brand loyalty.

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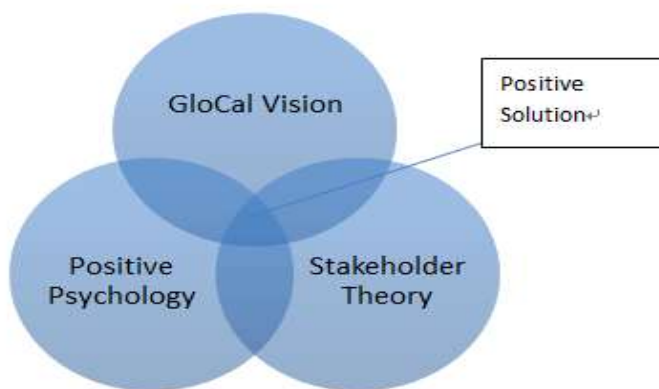
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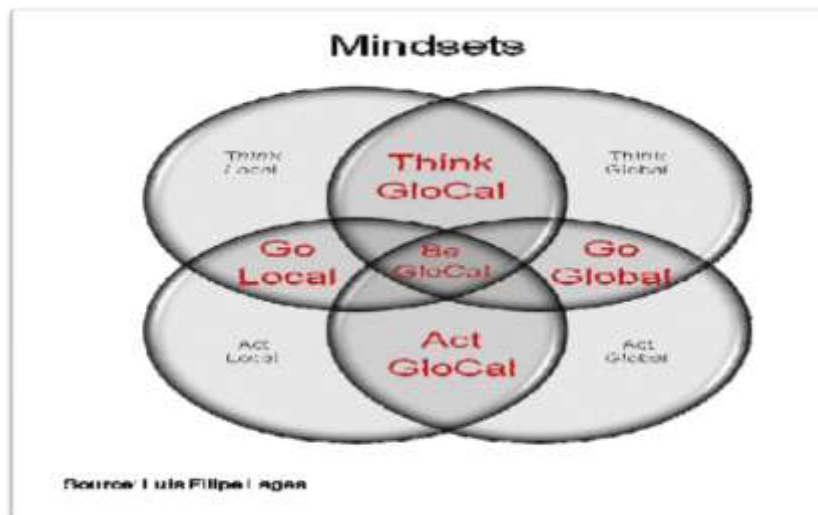
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## Appendix

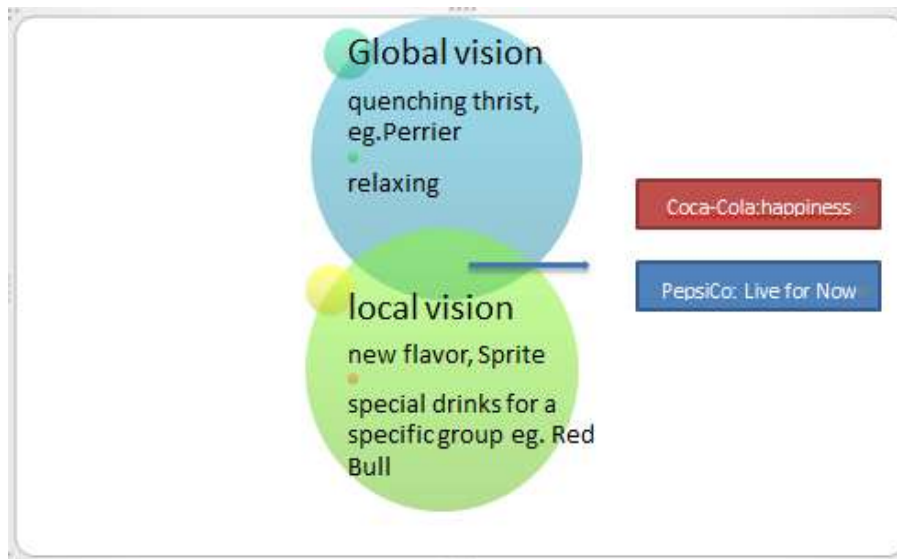
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iv <http://www.youtube.com/watch?v=zybnaPqzJ6s>

v One of CHINA'S most user social website

vi

<http://www.forbes.com/sites/johngaudiosi/2012/07/18/new-reports-forecasts-global-video-game-industry-will-reach-82-billion-by-2017/>

vii <http://www.theesa.com/facts/gameplayer.asp>